

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

(b)(6), (b) Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b) (7)(C) former Assistant Director of Engineering, DWSD

Activity Date:

May 22, 2012

Reporting Official and Date:

(b)(6), (b) (7)(C)

Resident Agent in Charge

04-JUN-2012, Signed by (b)(6), (b) (7)(C)

Approving Official and Date:

(b)(6), (b) (7)(C)

Special Agent in Charge

08-JUN-2012, Approved by (b)(6), (b) (7)^e

SYNOPSIS

On May 22, 2012, U.S. EPA CID Special Agent (b)(6), (b) (7)(C) interviewed (b)(6), (b) (7) regarding (b) tenure as the Assistant Director of Engineering for the Detroit Water & Sewerage Department.

DETAILS

On May 22, 2012, U.S. EPA CID Special Agent (b)(6), (b) (7)(C) interviewed (b)(6), (b) (7) regarding (b) tenure as the Assistant Director of Engineering for the Detroit Water & Sewerage Department. (b)(6), was contacted by SA (b)(6), (b) (7) via telephone and after being informed of the identity of the interviewing agent and the purpose of the interview, (b)(6), provided the following information:

(b)(6), (b) (7)(C) (b)(6), (b) (7)(C) Elk Grove, CA, 95624; cell: (b)(6), (b) (7)(C) DOB: (b)(6), (b)(6), spends some of (b) time residing with (b) parents in West Virginia.

(b)(6), earned a Bachelor of Science in Biology and a Masters of Science in Civil and Environmental Engineering from West Virginia. (b)(6), has spent most of (b) career in field engineering although (b) position in Detroit was more of engineering administration. (b)(6), is currently unemployed but does some consulting.

In December of 2003 (b)(6), was told by (b)(6), (b) (7) of IMG that (b) firm had a contract with the DWSD and that the department wanted to hire someone from the outside for the Assistant Director of Engineer position. (b)(6), knew (b)(6), from an industry association and earlier in 2003 had worked as a contractor for IMG assessing the DWSD's contract procurement practice and their "as needed" contracts. (b)(6), commented that the "as needed" contracts were a "honey pot" for the recipients.

(b)(6), applied for the job thinking that there was no way (b) would get it over those applicants with 30 plus years of experience working for the DWSD. However, (b)(6), was hired as the Assistant Director and started in February of 2004. From the beginning (b)(6), tried to stay away from DWSD Director (b)(6), (b) (7)(C) (b)(6), had interactions with (b)(6), (b) while (b) was reviewing the contract procurement practices and knew that (b)(6), (b) "hated" the engineering staff. (b)(6), (b) and to some extent (b) (b)(6), thought that the engineering staff were procrastinators. (b)(6), opined that the issue was a cultural and intellectual one. (b)(6), (b) kept the plant engineering staff separate from the construction management staff. (b)(6), predecessor (b)(6), (b) (7) called the Assistant Director

**United States Environmental Protection Agency
Criminal Investigation Division
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job “the hot seat.” (b)(6), believes (b) was hired as (b)(6), (b) wanted someone from the outside to check on things, who was a problem solver and could “kick butt.”

As the Assistant Director of Engineering (ADE) (b)(6), was not a city employee as (b) was hired via a contract through IMG. (b)(6), contract was extended by (b)(6), (b) in December of 2004. Near the end of October of 2005, the website detroituncovered.com ran an article on how (b)(6), is a registered (b)(6), (b) (7) in an attempt to smear then Mayor (b)(6), (b) (7)(C). This was in the days leading up to the mayoral election. The day of the October 2005 Board of Water Commissioners (BOWC) meeting (b)(6), told (b)(6), not to attend the meeting. (b)(6), did not give an explanation as to why (b)(6), was not supposed to attend. (b)(6), explained to SA (b)(6), (b) (7) that (b) attended all of the BOWC meetings and often was responsible for presenting proposed contracts. (b)(6), told (b)(6), to return to (b) office. When (b) did (b) saw that all of (b) emails were gone. (b)(6), was escorted out of the building by security. (b)(6), informed SA (b)(6), (b) (7) that (b) pled guilty to aggravated (b)(6), (b) (7) in Virginia in 1989 and registered as a (b)(6), (b) (7) in compliance with Michigan law.

(b)(6), general duties as the ADE included overseeing large projects such as the Lake Huron water treatment plant, the operation and construction of tunnels, basins and the waste water treatment plant. When (b)(6), (b) (7)(C) retired (b)(6), was put in charge of the Lake Huron plant. This was such a large reconstruction project that change authorizations were coming across (b) desk continually. (b)(6), eventually stepped in as the contracting officer as (b)(6), had to gain (b) approval to sign any change authorizations anyway. (b)(6), refused to delegate the contracting officer responsibilities to (b)(6), or (b)(6), (b) (7) which meant that (b)(6), had to review all change authorizations and change orders for over 150 contracts.

(b)(6), and (b)(6), (b) controlled what was placed on the BOWC agenda. (b)(6), commented that there were times when (b) needed a decision on a topic, such as a hold which had been placed on a contract, amendment or change order and thus the item needed to be placed on the agenda for BOWC approval. (b)(6), would tell (b)(6), “too bad” and not allow it to be added to the agenda.

Prior to this interview SA (b)(6), (b) (7) sent a copy of an email sent to (b)(6), on March 24, 2005 from (b)(6), (b) (7)(C) and titled “DWS-844A Strategy to Avoid Contract Delay Claims.” The topic of this email was DWS 844A and a related contract with SBC for a system known as Opteman. (b)(6), confirmed that (b) had received and reviewed the email. (See Attached) (b)(6), explained that about a week prior to receiving the email from (b)(6), (b) (7) (b)(6), called (b)(6), into (b) office and explained that the Opteman system was not going to be ready in time for the 844A contract roll out. (b)(6), told (b)(6), that (b) did not have anything to do with the Opteman contract as that was an IT contract. (b)(6), told (b)(6), it was (b) (White’s) problem as it impacted 844A and directed (b)(6), to make sure it gets done. (b)(6), thinks that (b) probably went to (b)(6), (b) (7) and then (b)(6), (b) (7) about the issue, which is what prompted (b)(6), (b) (7) to send (b) the email. (b)(6), does not know what conversation took place between (b)(6), (b) and Nafa (b)(6), of DCI, as is referenced in the email by (b)(6), (b) (7) (b)(6), (b) (7)(C) take on the situation was that it was not as bad as (b)(6), made it sound. (b)(6), pointed out that (b)(6), was the contracting officer which (b)(6), (b) (7) referred to in the email.

(b)(6), explained that well before March of 2004 (b) had asked (b)(6), was contract 844A was about.

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**United States Environmental Protection Agency
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Investigative Activity Report**

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(b)(6), replied that it was a security contract and was being run out of the Director's office. (b)(6), commented to SA (b)(6), (b)(7) that (b)(6), did not have to tell (b) twice not to ask anymore about it as (b) had enough going on. (b)(6), assumed that the contract was Homeland Security related since it was being run by the Director.

(b)(6), recalled (b)(6), or (b)(6), (b) presenting the contract to the BOWC and that there was some stink about why the DWSD was paying DFT \$2 million more for the contract than the other bidder. (b)(6), also read about the contract in the newspapers, etc. (b)(6), recalled that (b)(6), (b)(7)(C) had something to do with justifying the dual negotiation on this contract.

In early July of 2005, (b)(6), (b) told (b)(6), that (b) wanted a change order for 844A for the installation of cameras and other equipment. (b)(6), could not recall the exact amount of the change order but thought that it was in the 1-10 million dollar range. (b)(6), called this change order a (b)(6), special" referring to DCI President (b)(6), (b)(7). In early July of 2005, (b)(6), called (b)(6), asked if (b) wanted to go to lunch in Dearborn. (b)(6), agreed and the two met. During the lunch (b)(6), told (b)(6), that if there was anything (b) could do for (b)(6), to let (b) know. (b)(6), made reference to (b) contacts in the State Department. (b)(6), took this as an ingratiating off-hand comment that was 80% legit. (b)(6), links the change order and lunch in (b) mind due to the timing of the events.

(b)(6), (b) told (b)(6), to get with (b) guys and get a change order drafted for 844A. (b)(6), (b) wanted the change order done in time for the July BOWC meeting. (b)(6), contacted (b) engineering staff and directed them to draft a letter to the BOWC to initiate the change order. The engineers, (b)(6), and (b)(6), objected to the change order explaining that the work and equipment was not needed. (b)(6), informed (b)(6), and (b)(6), that their objections were noted but it was what the Director wanted. The following Sunday (b)(6), opened (b) paper and saw an article on the proposed change order to 844A. (b)(6), surmised that someone, likely (b)(6), leaked the letter to the BOWC to the media. (b)(6), recalled thinking "(b)(6), is not going to like this!" The mayoral primary was not far off and this would not be considered a positive article for the Mayor.

On Monday, (b)(6), attended the Executive Management Team (EMT) meeting. These meetings were held every Monday morning at 9 am. At this particular meeting (b)(6), (b) (b)(6), (b)(6), (b) and others were in attendance. At the beginning of the meeting (b)(6), (b) went ballistic about the article and was yelling and screaming. (b)(6), (b) asked (b)(6), why (b) put the change order on the BOWC agenda. (b)(6), (b) commented "Don't you know what trouble this is?" and directed (b)(6), to take it off the agenda. (b)(6), told SA (b)(6), (b)(7) that (b)(6), (b) "knew damn well he'd told me to do it" as did (b)(6), (b)(6), recalled thinking at the time that (b)(6), (b) was raising (b) voice to specifically address people (like the feds if they were listening) or the people at the meeting to hear (b) message. (b)(6), later told (b)(6), that (b)(6), (b) had commented to (b)(6), (b)(7) of IMG that "(b) took a bullet for me."

The change order was pulled from the agenda and was not put on it through October of 2005 when (b)(6), was terminated. SA (b)(6), (b)(7) asked (b)(6), if (b) had ever heard of the DWSD's attempts to find contracts with remaining funds so that the additional 844A work could be routed through those as "pass through" change orders. (b)(6), had not heard of this although it doesn't surprise (b) because the "as needed" contracts were often used in this manner. SA (b)(6), (b)(7) also asked if

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

(b)(6) heard that there were five water treatment plants which perimeter fencing and security systems were to be installed. (b)(6), remarked that the perimeter fencing was one of the items to be addressed in the July 2005 844A change order.

(b)(6), dealt with the engineering staff regarding the downtown water mains contracts. Those engineers dealt with the contractors. The flow of information on the contract was DLZ to (b)(6), to (b)(6), (b)(6), recalls that Detroit Based Businesses (DBB) were to be given strong preference for the WS series contracts managed under CM 2012 but does not think that it was to be exclusively awarded to DBB's.

(b)(6), recalled being at a meeting held in the Board room of the Water Board meeting in early of 2004. At this time (b)(6), knew (b)(6), (b)(7)(C) to be a demolition guy who had a direct contract with DWSD that (b)(6), group oversaw. (b)(6), had read in the papers that (b)(6), (b)(6) had been involved in a witness tampering case and was (b)(6), (b)(6) buddy. Present at the meeting was (b)(6), (b)(6), and (b)(6), as well as others. (b)(6), (b)(6) was "cheesed off" about not getting paid on something. (b)(6), (b)(6) was literally pounding on the table and using profanity such as "mother fuck" this and "fuck" that. (b)(6), was taken aback that (b)(6), (b)(6) sat "languish-ly by" and let (b)(6), (b)(6) go on. (b)(6), (b)(6) normally told someone who was acting out of line to tone down or they would be asked to leave. (b)(6), saw (b)(6), (b)(6) graduate over time from a demo guy to a water main contractor.

Regarding CM 2007, also known as the Water Meters contract, (b)(6), explained that (b)(6), (b)(6), (b)(6), the DWSD's Public Information Officer, was inexplicitly put in charge of this contract. (b)(6), (b)(6) did not seem comfortable with this assignment.

(b)(6), did not have a role in the 15 Mile sinkhole once (b)(6), (b)(6) took over the site. (b)(6), saw the sinkhole on the news on a Sunday and held a meeting with the engineering staff on Monday morning at the site. (b)(6), (b)(6) then announced that (b)(6) is taking over and moves (b)(6) operations to the site. (b)(6), (b)(6) and Inland were the first contractors on scene. This did not surprise (b)(6), as (b)(6) knew they had the pumping capacity. (b)(6), (b)(7)(C) met with the contractors including (b)(6), (b)(6), (b)(6) on a regular basis. (b)(6), ran the day to day operations for the rest of the department in (b)(6), (b)(6) absence.

(b)(6), (b)(6) told (b)(6), that (b)(6) was taking a trip to Puerto Rico with (b)(6), (b)(6), (b)(6), (b)(6) did not confide in (b)(6), the purpose of the trip. Someone (b)(6), knows saw the group when they were in Puerto Rico. (b)(6), heard that it was quite a lavish trip. (b)(6), did not know that (b)(6), (b)(6) also went on the trip.

(b)(6), (b)(6) and (b)(6), worked together at United Water. (b)(6), had heard that (b)(6), (b)(6) was going to be fired from United but announced that (b)(6) had been named the Director of the DWSD just prior to being terminated. (b)(6), was the IMG representative who smoothed out issues with the DWSD. (b)(6), (b)(6), (b)(7) and (b)(6), (b)(6) were the "work man" like staff.

ATTACHMENT

844A Email

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